

Message Text

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PAGE 01 STATE 079881
ORIGIN TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 SS-15 OMB-01
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TX 387

DRAFTED BY OASIA:IDB:WTHOMSON:CMR
APPROVED BY EB/IFD/ODF:AFWATSON
OASIA:IDB:C.I.BRADFORD, JR;
OASIA;ID:A NACHMANOFF
OASIA:I:C.F.BERGSTEN
OASIAIDN J. JOHNSON

-----018304 290414Z /64

P 290012Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY

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E.O. 11652: N/A

TAGS: EAID, EFIN

SUBJECT:

1. PLEASE DELIVER LETTER CONTAINED IN PARA 2, FROM
TREASURY ASSISTANT SECRETARY BERGSTEN TO HOST GOVERNMENT
MINISTER OF FINANCE. THE LETTER ASKS THE MINISTER TO
DIRECT THE BRAZILIAN EXECUTIVE DIRECTOR AT THE IMF/IBRD
TO VOTE AGAINST THE PROPOSED INCREASE IN IMF/IBRD SALARIES,
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WHEN THE ISSUE IS DISCUSSED AT THE IBRD AND IMF ON MARCH 30
AND 31 RESPECTIVELY.

2. LETTER FOLLOWS QUOTE:

DEAR MARIO:

I AM WRITING TO ASK FOR YOUR SUPPORT ON THE UPCOMING PRO-
POSAL TO INCREASE STAFF SALARIES AT THE WORLD BANK AND

INTERNATIONAL MONETARY FUNDS. THE BANK BOARD WILL BE DISCUSSING A PROPOSED FULL COST-OF-LIVING INCREASE IN NET SALARIES ON MARCH 30 AND THE FUND BOARD WILL DISCUSS A SIMILAR PROPOSAL ON MARCH 31.

YOU WILL RECALL IN OUR MEETING IN BRASILIA IN DECEMBER 1977 HOW I EMPHASIZED THAT PRESIDENT CARTER WISHED TO INCREASE THE OVERALL LEVEL OF U.S. AID, AND HOW WITHIN THAT ENLARGED ASSISTANCE A GROWING PORTION WOULD PROBABLY BE TRANSFERRED THROUGH THE INTERNATIONAL FINANCIAL INSTITUTIONS (IFIS). THE U.S. THUS CLEARLY WISHES TO MAKE THE IFIS THE LEADING EDGE OF OUR DEVELOPMENT EFFORT, AND IS MAKING EVERY EFFORT TO JUSTIFY THESE INCREASES TO THE CONGRESS.

THERE ARE, HOWEVER, SOME ISSUES THAT MUST BE RESOLVED IN A SATISFACTORY MANNER TO THE CONGRESS BEFORE THESE APPROPRIATIONS WILL BE FORTHCOMING. PROBABLY THE SINGLE-MOST FREQUENTLY RAISED ISSUE IS THAT OF THE SALARY LEVELS AT THE IMF AND IBRD. WE ARE WORKING HARD IN THE JOINT COMMITTEE ON COMPENSATION ISSUES, UNDER THE DISTINGUISHED CHAIRMANSHIP OF ALEX KAFKA, TO BRING ABOUT A FAIR, EQUITABLE AND LASTING SYSTEM THAT WILL SETTLE THIS DIVISIVE ISSUE.

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THE JOINT COMMITTEE IS DUE TO MAKE ITS FINAL REPORT BY MID-1978 AT WHICH TIME WE WOULD HOPE THAT ITS RECOMMENDATIONS WILL BE INCORPORATED INTO THE INSTITUTIONAL SALARY SCALES. I BELIEVE IT WOULD BE WISE TO WAIT FOR THIS COMMITTEE TO MAKE ITS FINAL REPORT, AND NOT PREJUDGE THE ISSUE BY AWARDED ANY INCREASES BEFORE THAT REPORT IS ISSUED. AT THIS TIME WE HAVE NO SUBSTANTIVE EVIDENCE THAT WE CAN PRESENT TO CONGRESS TO SHOW AN INCREASE IS JUSTIFIED. THE CONGRESSIONAL REACTION COULD BE SEVERE IN THE ABSENCE OF SUCH JUSTIFICATION.

I HOPE THAT YOU AGREE THAT A SHORT DELAY NOW IS IN EVERYBODY'S BEST LONG-RUN INTERESTS, IF IT IMPROVES THE ATMOSPHERE TO ENABLE US TO OBTAIN OUR NEEDED LEGISLATION.

I LOOK FORWARD TO YOUR CONTINUED COOPERATION ON ALL IFI ISSUES.

SINCERELY,
C. FRED BERGSTEN
ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS

END QUOTE. COOPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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Format: TEL
From: STATE
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Line Count: 116
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3168699
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Status: <DBA CHANGED> VJT 20040901
Subject: PLEASE DELIVER LETTER CONTAINED IN PARA 2, FROM TREASURY ASSISTANT SECRETARY BERGSTEN TO HOST GOVERNMENT MINISTER OF FINANCE
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